

RESOLUTION NO. 2001-303

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LODI  
RELATING TO ELECTRIC SYSTEM REVENUE VARIABLE RATE DEMAND CERTIFICATES  
OF PARTICIPATION, 2002 SERIES A AND ELECTRIC SYSTEM REVENUE CERTIFICATES  
OF PARTICIPATION, 2002 TAXABLE SERIES B; APPROVING THE FORMS OF AND  
AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT PURCHASE  
CONTRACT, A CERTIFICATE PURCHASE CONTRACT, AN ESCROW AGREEMENT, AN  
OFFICIAL STATEMENT, A CONTINUING DISCLOSURE AGREEMENT, AND A  
REMARKETING AGREEMENT, AND APPROVING THE DISTRIBUTION OF A PRELIMINARY  
OFFICIAL STATEMENT IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN  
OTHER MATTERS RELATING THERETO

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WHEREAS, the City of Lodi, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "City") owns and operates a municipal electric system (the "Electric System"), to provide the City and its inhabitants with electricity; and

WHEREAS, the City and the Lodi Public Improvement Corporation, a non-profit, public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (the "Corporation") propose to execute and enter into an Installment Purchase Contract (the "Installment Purchase Contract"), whereby the Corporation will acquire from the City certain existing improvements to the Electric System, as more fully described in Exhibit 1 to the Installment Purchase Contract (the "Existing Facilities"), and whereby the Corporation will sell such Existing Facilities back to the City as provided in the Installment Purchase Contract; and

WHEREAS, pursuant to the Installment Purchase Contract, the City will be obligated to make installment payments to the Corporation for the purchase of the Existing Facilities; and

WHEREAS, the City will apply certain of the moneys received in connection with the sales of the Existing Facilities pursuant to the Installment Purchase Contract, to the prepayment of its obligations under that certain installment purchase contract, dated as of August 1, 1999, between the City and the Corporation; and

WHEREAS, the City desires to approve the refinancing of the Existing Facilities as provided in the Installment Purchase Contract through the execution and delivery of Electric System Revenue Variable Rate Demand Certificates of Participation, 2002 Series A and Electric System Revenue Certificates of Participation, 2002 Taxable Series B (collectively, the "Certificates") pursuant to a Trust Agreement (the "Trust Agreement"), proposed to be executed by the Corporation and such trustee (the "Trustee") as shall be duly appointed by the Corporation; and

WHEREAS, the City proposes to execute and deliver a Certificate Purchase Contract (the "Certificate Purchase Contract") with Salomon Smith Barney Inc. (the "Underwriter"), pursuant to which the Underwriter will purchase the Certificates for reoffering to the public, and to authorize the execution and distribution of a Preliminary Official Statement, and an Official Statement pertaining to the Certificates; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LODI, AS FOLLOWS:

Section 1. The City Council hereby specifically finds and determines that the actions authorized hereby constitute and are with respect to the public affairs of the City and that the statements, findings and determinations of the City set forth above and in the preambles of the documents approved herein are true and correct and that the consummation of the transactions contemplated therein shall result in significant public benefits to the City in that the City expects to improve the efficient operation of the City's Electric System through the refinancing of improvements to the Existing Facilities as provided in the Installment Purchase Contract.

Section 2. The Installment Purchase Contract, in the form presented at this meeting and on file with the City Clerk, and the performance by the City of its obligations thereunder, are hereby approved, and the City Manager and the Director of the Electric Utility, each acting singly, are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Corporation the Installment Purchase Contract in substantially said form, with such changes therein as the officer executing such document may approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, that the schedule of the installment payments to be contained in the Installment Purchase Contract and to be attached as exhibits thereto shall be determined by the City Manager or the Director of the Electric Utility of the City upon the sale of the Certificates, but shall not exceed the principal amount of the Certificates and shall provide for installment payments not later than 35 years from the date of delivery of the Certificates.

Section 3. The Certificate Purchase Contract, proposed to be executed and entered into by and between the City and the Underwriter, in the form presented at this meeting and on file with the City Clerk, which form may be divided into a separate Purchase Contract for each series of Certificates, and the performance by the City of its obligations thereunder, are hereby approved, and the City Manager and the Director of the Electric Utility, each acting singly, are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the Underwriter one or more Purchase Contracts for each series of Certificates in substantially said form, with such changes therein as the officer executing such document may approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the Underwriter's discount in connection with the sale of the Certificates shall not exceed 1.5% of the principal amount of the Certificates.

Section 4. The Preliminary Official Statement, in the form presented at this meeting and on file with the City Clerk, is hereby approved. The City Manager and the Director of the Electric Utility, each acting singly, are hereby authorized and directed to cause the Preliminary Official Statement to be distributed to potential purchasers of the Certificates in substantially the form presented to this meeting with such changes therein as the officer causing the Preliminary Official Statement to be distributed may approve, such approval to be conclusively evidenced by causing the Preliminary Official Statement to be distributed.

Section 5. The preparation and delivery of an Official Statement, and its use by the Underwriter, in connection with the offering and sale of the Certificates are hereby approved. The Official Statement shall be substantially in the form of the Preliminary Official Statement with such changes therein as the officer executing the Official Statement may approve, such approval to be conclusively evidenced by such officer's execution and delivery thereof. The City Manager and the Director of the Electric Utility, each acting singly, are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Official Statement and any amendment or supplement thereto contemplated by the Certificate Purchase Contract, in the name and on behalf of the City, and thereupon to cause the final Official Statement and any such amendment or supplement to be delivered to the Underwriter with such execution being conclusive evidence of the approval thereof.

Section 6. The Escrow Agreement, dated as of January 1, 2002 (the "Escrow Agreement"), proposed to be executed and entered into by and between the City and BNY Western Trust Company, as trustee (the "1999 Trustee") under that certain trust agreement dated as of August 1, 1999, between the Corporation and the 1999 Trustee, in the form presented at this meeting and on file with the City Clerk, and the performance by the City of its obligations thereunder, are hereby approved, and the City Manager and the Director of the Electric Utility, each acting singly, are hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver to the 1999 Trustee the Escrow Agreement in substantially said form, with such changes therein as the officer executing such document may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The Continuing Disclosure Agreement, proposed to be executed and entered by the City and the Trustee, in the form presented at this meeting and on file with the City Clerk, and the performance by the City of its obligations thereunder, are hereby approved, and the City Manager and the Director of the Electric Utility, each acting singly, are hereby authorized and directed for and in the name and on behalf of the City to execute and deliver the Continuing Disclosure Agreement in substantially said form, with such changes therein as the officer executing such document may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. The Remarketing Agreement, dated as of January 1, 2002 (the "Remarketing Agreement"), proposed to be executed and entered by the City and such remarketing agent (the "Remarketing Agent") as shall be duly appointed by the City, in the form presented at this meeting and on file with the City Clerk, and the performance by the City of its obligations thereunder, are hereby approved, and the City Manager and the Director of the Electric Utility, each acting singly, are hereby authorized and directed for and in the name and on behalf of the City to execute and deliver the Remarketing Agreement in substantially said form, with such changes therein as the officer executing such document may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 9. The City Clerk is hereby authorized and directed to attest the signature of the City Manager or the Director of the Electric Utility and to affix and attest the seal of the City, as may be required or appropriate, in connection with the execution and delivery of the Certificates and the documents approved by this Resolution.

Section 10. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things (including the negotiating and obtaining of a municipal bond

insurance policy and/or reserve fund surety bond with respect to the Certificates if the City Manager or Director of the Electric Utility determine that such insurance policy or surety bond will result in savings to the City) and to execute and deliver any and all documents which they may deem necessary or desirable in order to consummate the transactions authorized hereby and to consummate the sale, execution and delivery of the Certificates and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Installment Purchase Contract, the Certificate Purchase Contract, the Preliminary Official Statement, the Official Statement and the Certificates; and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 11. This Resolution shall take effect immediately upon its passage.

Date: December 19, 2001

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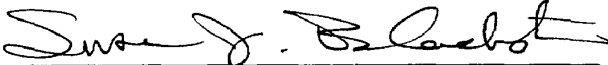
I hereby certify that Resolution 2001-303 was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 19, 2001 by the following votes:

AYES: COUNCIL MEMBERS – Hitchcock, Howard, Land, Nakanishi,  
and Mayor Pennino

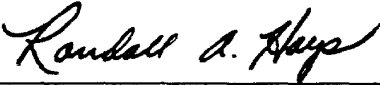
NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None

  
Susan J. Blackston, City Clerk

Approved As to Form:

  
Randall A. Hays, City Attorney

2001-303